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INTRODUCTION

United Way of Genesee County (UWGC) entered into contract #BA-05-25002 with the Michigan Department of Human Services (DHS) to provide a Before and After School Program (BA) for TANF eligible children in grades K-9. Under this contract UWGC was to provide tutoring, recreation and enrichment, education support groups, clubs, life skills programs, and mentoring services.

UWGC was also to provide a snack for the students when necessary. The contract totaled \$620,407.99 and covered the period July 1, 2005 through September 30, 2006. UWGC was reimbursed for their actual costs of providing the program through submission of monthly billings to DHS.

SCOPE

The Office of Internal Audit performed an audit of UWGC to determine if the Agency's billings were accurate, if the costs charged were allowable and properly supported by the accounting records and other documentation, and if the clients served were eligible per the terms of the contract. Our review covered the period October 1, 2005 through September 30, 2006.

EXECUTIVE SUMMARY

Based on our audit, we conclude that UWGC over billed DHS \$20,939.96 for Honorarium/Contracts paid through subcontracts with Westwood and Beecher Schools. Our report recommends the Field Operations Administration (FOA) initiate the process to recoup \$20,939.96 in over billed charges to DHS.

AGENCY RESPONSE

United Way of Genesee County has reviewed all findings and recommendations included in this report. They responded in a letter dated November 30, 2006 that they agreed that a budgetary error was made, but felt that the costs should be allowed because the costs were incurred and necessary to provide the services required by the contract.

FINDINGS AND RECOMMENDATIONS

Contracted Services

1. UWGC over billed DHS by \$20,939.96 for charges from two subcontractors. The charges were for Honorarium/Contracts, which was not an allowable cost per the terms of the subcontract budget.

WE RECOMMEND the FOA initiate the process to recoup \$20,939.96 from UWGC for unallowable subcontract charges.

Client Case File Review

2. UWGC does not have client case files for each client served. Page 14 of the contract requires UWGC to maintain client case files that include:

- DHS- provided forms to certify eligibility.
- Methods of service delivery.
- Other material as may be specified by the DHS.

UWGC's subcontractors had copies of free and reduced lunch applications or the DHS eligibility form to document client eligibility. However, the contract requires UWGC to retain that information.

WE RECOMMEND FOA ensure that UWGC maintains case files with the required documentation.